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Residential Building Shifts to Larger Cities

Markets for new houses in many smaller towns has reached saturation, so most building now centers in major urban areas. House construction ended 1954 with unexpected strength. Easier credit helped. The outlook is for another active year in 1955.

RESIDENTIAL building prospects for 1954 were the subject of much speculation and discussion during the fall of 1953. By that time, the economic recession (which began late in the summer of 1953) had become apparent to many individuals. It was feared that the elimination of overtime pay in manufacturing firms and the rise of unemployment would reduce the demand for new houses.

As economic developments in 1954 were recorded, it became clear that the expected downward trend in demand for houses was not materializing. Generally eased monetary policies throughout the year, together with more liberal terms on FHA insured mortgages effective October 1, resulted in mortgage credit becoming more readily available to prospective house buyers. This change in the mortgage market not only maintained, but even raised the demand for new houses. Residential building generated strong demands for building materials and for labor on building sites. As a result, construction became the strongest single industry bolstering the economy during 1954's mild recession.

Residential building expanded significantly in this district as the year progressed. According to figures compiled by F. W. Dodge Corporation, May was the only month during the first half of 1954 in which the total value of contracts awarded for dwelling units exceeded $25 million. In contrast, during the first four months of the second half of the year, the amount awarded was consistently above that figure. A total of $29 million in contracts was awarded in September (peak month of the year) and $26 million in October when building activity in this region usually begins to taper off for the winter season.

Less building in small communities

In general, the backlog of housing needs arising out of the depression and war years has been satisfied. Builders, in an increasing number of small communities in agricultural sections, are experiencing an almost saturated market for new houses. In many towns, practically the only demand comes from retiring farmers. Otherwise, new residences are built only to replace old houses which are torn down or are converted to other uses.

The saturated housing market in rural communities can be traced to an almost static population since 1940. Mechanization and improved techniques employed in agriculture have reduced the number of farms. The resultant decline in farm population has limited expansion of the volume of business transacted in small towns and, therefore, limited the general growth of those towns.

More houses in larger centers

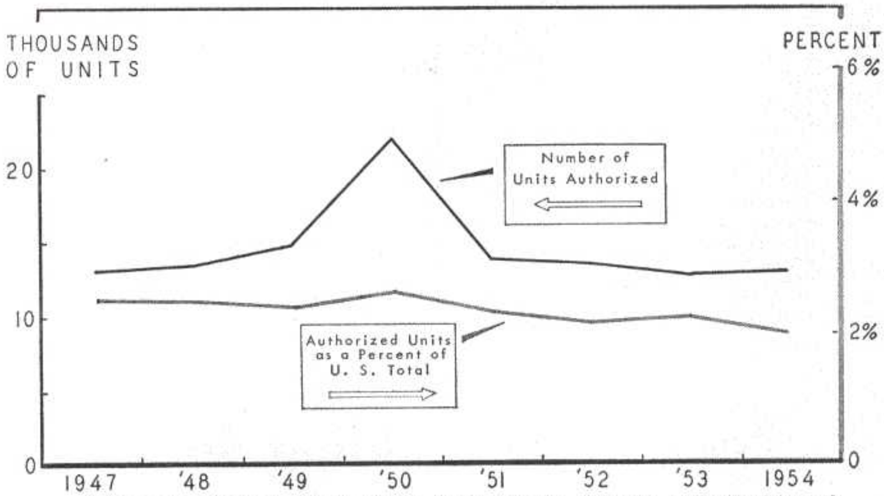
Since 1950, residential building has been concentrated in the larger metropolitan centers. The increase in the number of households in these urban areas has maintained the demand for new houses at high levels. A substantial part of the increased number of households is the result of migration into urban centers from rural areas on an unprecedented scale.

A rise in real income has made home ownership possible for families who otherwise might have been forced to live in inferior rental units.

The increase in number of households and the general rise in personal income does not account fully for the sustained demand for new houses. The American family has become interested in better housing. Modern dwellings with their comforts and labor-saving features now occupy a more important place in the American standard of living. As a result, many families are investing more of their present savings — or are contracting a larger proportion of their future income— for housing.

In small communities, where the demand for new houses has been diminishing, the expenditure for repair and modernization of existing houses has been high. Some home builders have been doing this type of work almost exclusively. Such building activity reflects the rise in housing standards even though there are very few new houses being built.

NUMBER OF NEW DWELLING UNITS AUTHORIZED 1947-1954
FOUR NINTH DISTRICT STATES*



*Minnesota, Montana, North Dakota, South Dakota. Data for 1954 are six-month totals, plotted at an annual rate. Source: U. S. Dept. of Labor.

The number of new urban dwelling units authorized in Minnesota, Montana, North Dakota, and South Dakota in 1950, was 2½ percent of the nation's total. In subsequent years, the percentage of new dwelling units built in these states, according to permits issued, has declined. The number of new units authorized in 1954 was about 2 percent of the nation's total.

Mortgage credit stimulates home ownership

Liberal terms on mortgage loans have made it possible for families to contract more of their future income for housing. Increasingly liberal terms on mortgage loans this year grew out of both changes in the money market and the Housing Act of 1954.

The U. S. Treasury has offered no long-term bonds since the sale of an issue of 30-year bonds in May, 1953. The business recession later that year caused Treasury officials to turn away from long-term securities. The fact that no long-term government securities have been issued, has caused investors (such as insurance companies and holders of pension funds) to place a larger proportion of their funds in home mortgages.

In 1954 Federal Reserve System officials pursued a policy of active ease which reduced the yield on Treasury and corporate securities. As a result, commercial bankers (who are often in and out of the mortgage market) as well as life insurance companies have been active in the market and have invested more of their funds in home mortgages.

The Housing Act of 1954 liberalized mortgage terms for nonveterans. For example, the minimum down-payment on a $15,000 house has been reduced from 20 percent to 13 percent. These terms have made it easier to sell older houses and to buy costlier new houses.

Favorable outlook for residential building

Based on current thinking, the outlook for residential building in 1955 is for another big year of activity in the metropolitan centers of this district. The United States Departments of Commerce and Labor have estimated that nonfarm housing starts throughout the nation in 1955 will be 1.3 million—about 100,000 more than in 1954.

In the Twin City metropolitan area, many contractors have prepared larger tracts of land for next year's building program than were prepared for the season just past. Of course, the preparation of tracts of land in the fall does not insure a building program the following year. Builders generally build a few houses in the spring to test the market before launching into large scale operations.

Since the market for new houses in many small towns has become saturated, mortgage men, in particular, have begun to wonder whether the market for new houses in metropolitan centers may be approaching saturation. In these centers, saturation depends upon a combination of factors: influx of families, level of family incomes, terms of mortgage loans, and level of rents.

A rise in the number of vacancies among available housing units may be the first harbinger of approaching saturation in the new-housing market. In this district, the number of vacancies in apartments and single dwelling units has risen slowly during the past year. However, to date, vacancies are mainly in marginal rental units which do not measure up to generally accepted housing standards and, therefore, have little bearing on the market for new houses. Other vacant rental units, though of satisfactory quality, are over-priced in terms of the present level of rents. Rents have been reduced gradually on such units to induce tenants to occupy them. Therefore, it appears that saturation in urban markets is not yet evident. END

Social Security Benefits Will Ease Financial Burden of Farm Retirement

BEGINNING in 1955, some three and one-half million farm operators and their families throughout the United States will come under the old-age and survivors' insurance program as the result of the 1954 amendments to the Social Security Act. Farmers will first feel the effects of this program early in 1956, when they will be required to pay an additional 3 percent federal social security tax on their net incomes for the 1955 income year.

In return for this payment they become eligible to receive social security benefits of two types—(a) survival benefits to families (when the breadwinner dies), and (b) retirement benefits upon reaching the age of 65. Benefits paid under the program may influence significantly the retirement decisions of older farmers and their movement out of active farming.

Farm retirement has been a problem

Retirement has always been something of a problem for farmers. The active nature of farm work makes it difficult for many operators to continue full-scale farming operations into the later years; yet there may be little opportunity for earning a living off the farm. Social aspects of moving into town or out of the home community after a lifetime of farming may also tend to discourage retirement.

For most farmers, the investment in farm assets—land, buildings, and chattels—represents a lifetime's accumulation of capital. How to best utilize this investment to provide income during retirement is a problem many older-age farmers have found difficult. By assuring the individual a minimum retirement income, the insurance program will provide greater flexibility and a wider range of alternatives in working out retirement problems.

Studies made by the U. S. Department of Agriculture, starting in 1951, indicated that farmers generally had not accumulated adequate resources for retirement. Thus benefits paid after age 65 may help ease the financial burden of retirement and increase the economic security of farmers in the older age group.

Earlier retirement for some

The insurance program will probably encourage more farmers to retire at or near age 65. In past years many farmers have continued active operation of their farms well beyond the age of 65. According to the U. S. Census of Agriculture, fully 10 percent of farm operators in the four Ninth district states during 1950 were 65 years old or older. Undoubtedly many of these were active producers who continued farming as the best means to earn needed income. It is likely that retirement income would encourage such operators to retire at age 65, and to cease active farming at an earlier age than has been true in the past.

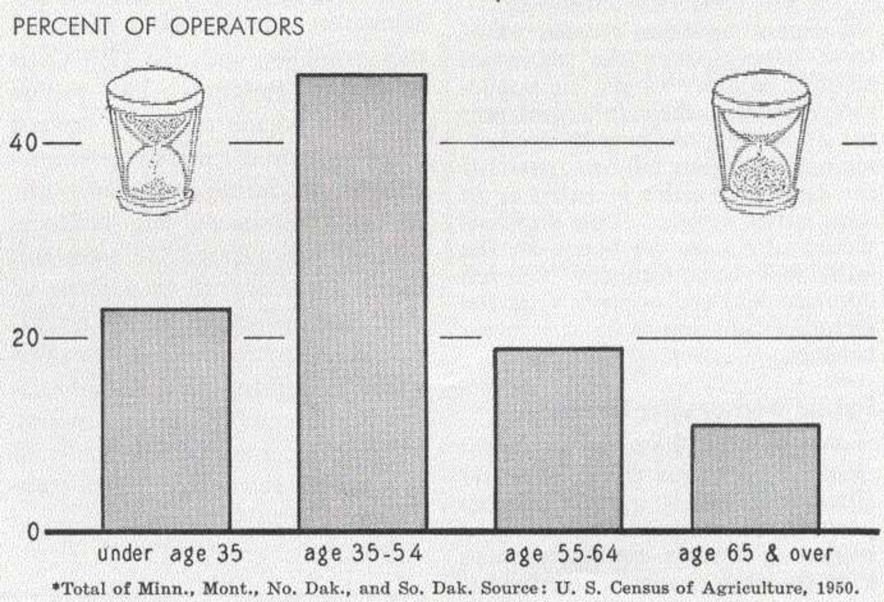
On the other hand, many farmers who might otherwise retire before reaching the age of 65 may be encouraged to continue active farming until they reach retirement age and are eligible for retirement benefits.

Stay on the farm or move to town?

In addition to influencing retirement age, the program may also influence the manner in which many farmers retire. At least three provisions of the law are significant in this regard. First is the amount of retirement benefits allowed. If a farmer and his wife are both over 65, payments may range from a minimum of $45 per month up to a maximum of $162.80 per month in retirement income—the amount depending largely on their income before retirement.

Second, retired farmers will be allowed to earn up to $1200 a year from farming directly or from other employment without losing any benefits.

AGE DISTRIBUTION OF FARM OPERATORS IN FOUR NINTH DISTRICT STATES, 1950*



*Total of Minn., Mont., No. Dak., and So. Dak. Source: U. S. Census of Agriculture, 1950.

Third, income from the rental of farm land does not count as direct earned income—so that in addition to the $1200 earned, retired farmers would receive income from rent without loss of retirement payments. After reaching the age of 72, farmers will be allowed to earn unlimited amounts from farming or from any other source without loss of retirement benefits.

These provisions of the law apply to all persons under the social security program, farmers and nonfarmers alike. But they have a special significance for agriculture because of the opportunity to retire on the farm through reduced farming operations supplemented by retirement payments.

Can retire on the farm

It seems likely that the retirement insurance payments may encourage some farmers to retire on the farm who would not otherwise do so. Most people would be able to minimize their living costs in this way. They would be able to make their retirement income go further than if they moved into town. At age 65 many retiring operators could rent out all or most of their land to neighboring farmers and still continue to live on the home place with enough income for moderate living. Farmers with relatively small insurance payments might fare best by retiring in this way, particularly if the opportunities for sale or renting of the farm were not attractive.

Farmers eligible to receive retirement benefits near the maximum amount, and who have an opportunity to rent their full farm unit for a good income, may be in a better position financially to move off the farm and retire in town or in some other manner. Such decisions would obviously be based on the individual circumstances of each operator and the opportunities for income in addition to the retirement benefits.

Easier ownership transfer

Another possible result of the retirement payments could be to facilitate the orderly transfer of farm property from retiring operators to beginning farmers—significant in an industry that characteristically has been burdened with the problem of transferring large capital investments in individual farms from one generation of owners to the next.

Equitable arangements for making such ownership transfers have been limited by the financial burden of supporting two families—the beginning operator and his family, plus the retired couple, parents or relatives who own the farm and must continue to receive income from it. This has frequently limited progress of the new operator. To the extent that the retirement program will allow greater flexibility of rental and transfer agreements, greater efficiency in the use of agricultural resources may result.

A further effect of the program, according to the U. S. Department of Agriculture, will be to ease the financial burden of the old-age-assistance program, which has been much heavier in rural areas than in urban centers. This burden will be lightened as farmers and hired farm workers retire on the benefits of the insurance program—to which they contribute — rather than on public assistance.

For farmers who are at or near retirement age, the program obviously offers definite advantages. Farm operators who are 63½ years old or older on January 1, 1955 will be able to retire with full benefits of the program after paying into the program for as short a period as 18 months.

All operators earning $400 or more net income during the year will be required to pay 3 percent of their net income up to an income of $4200. The amount of this income will be figured in the same way that Federal income tax liability is computed, and will be paid along with regular Federal income taxes.

The immediate result of this tax payment will be to reduce the net income of farmers (after taxes) by 3 percent each year—a not inconsiderable amount over a period of years. The economic security provided older farmers or surviving families in return for this payment will have an important long-run impact on the utilization of resources in agriculture. END

Corn Compliance Reviewed

About one-third of a group of 300 southern Minnesota farmers, answering a recent University of Minnesota questionnaire, said that they complied with the 1954 Corn Allotment Program. The report showed a greater tendency toward compliance in the more concentrated corn producing areas. In southwestern Minnesota, for instance, where farms average 272 acres and have an average of 45 percent of their land planted to corn in a typical year, the rate of compliance was about 48 percent. In the southeastern section, where farms average about 227 acres and have only 34 percent of their land in corn, compliance was only 28 percent.

Farmers who complied with the allotment program tend to be those who raised corn for sale. But farmers who normally feed all their corn to livestock generally ignored the program; some did not even know the amount of their allotment.

Most frequent criticism of the 1954 corn allotment program, the Minnesota survey found, is the fact that it was based on the cropping history of the farm. Some suggested that the allotments be based on a fixed percentage of the tillable land. Many said that basing allotments on crop history discriminates against farmers who have been following a sound soil building program in recent years. END

End of the Year Review

Status of major developments affecting district's resources

CAPITAL investments currently being made in the Ninth district will affect the region's future productive capacity and as a result, this district's ability to command goods in trade from other parts of the country.

Perhaps the most extensive among developments are those concerned with oil, iron ore, and the harnessing of rivers (summarized below). Although not all changes affecting the district's basic resources were as dramatic in scope as these, the impact on the economy of other changes can also be important.

For example, mechanization of agriculture, which has had a profound effect on farm output in recent years, is apparently continuing, while the use of fertilizer is undergoing rapid expansion. Farm commodities are, of course, this district's biggest income producer and its most important item of "trade" with other regions.

Among events of the past year were starts on two public projects that will influence trade and traffic movement for some parts of the district. These were the St. Lawrence Seaway and the Mackinac Straits bridge.

TACONITE

SCOPE. Taconite and related facilities completed or under construction include the following. **Erie Mining Company:** a $300-million plant at Aurora, Minnesota; project includes a new town for employees, a railroad, and a port at Two Islands. **Reserve Mining Company:** a $200-million plant at Babbitt and Silver Bay, Minnesota; two towns for employees, a 47-mile railroad, and a port at Silver Bay. U. S. Steel's **Oliver Mining division:** experimental plants at Virginia and Mountain Iron, Minnesota—$23 million investment. **Humboldt Mining Company:** two plants, at Republic and Humboldt, Michigan, of the order and size of U. S. Steel's experimental plant. Purpose of plants is to process iron-bearing rock (25-30% iron) into commercial grade iron oxide pellets (62-64% iron). Ultimate investment may reach $1 billion.

SIGNIFICANCE. This should help to sustain the level of economic activity in the northeastern part of the district where iron mining is dominant. Without the taconite development, declining high-grade ore supplies in this area might otherwise lead to a relatively depressed sector with net emigration of labor and population. Taconite requires more service and subsidiary industry than does ordinary mining.

STATUS. Construction of Erie Mining Company's plant at Aurora got underway this year. Work on the two major projects, Erie and Reserve, is now proceeding on schedule and may extend over the next three years. Both Erie and Reserve plan large expansions after the initial phase is completed. U. S. Steel's experimental plant is in operation. Construction of a commercial-scale plant by U. S. Steel, while contemplated, is still a number of years in the future. The Humboldt plant has been in operation since early 1954.

OIL DEVELOPMENT

SCOPE. The **Williston Basin,** comprising some 118,000 square miles of prairie and badlands in eastern Montana, western Dakotas, and parts of Canada, first yielded oil in 1951. Since then, dozens of fields have been discovered in scattered portions of the basin. Two moderate-sized refineries (at Mandan and South St. Paul) and several small ones have been built. **Alberta oil,** increasingly important since 1947, is also significant. Some of it is being refined at Duluth-Superior, while all oil pipelined to eastern Canada flows across the district with inevitable influence on crude prices here. In **northwestern Montana** discoveries this year at previously undrilled depths indicate renewed potential for this veteran oil area.

SIGNIFICANCE. These conditions suggest that oil production of major proportions will develop in the western part of the district. The Williston Basin alone may ultimately reach a producing capacity of several hundred thousand barrels of oil daily. Transporting and processing of oil likely will result in additional industry for many key centers in the district.

STATUS. Development of the Williston Basin is proceeding, but at a relatively slow pace. Lack of satisfactory markets for all but a few fields limits exploration and production. Total output of the several hundred producing wells averages only 40,000 barrels a day. Rumors of trunk pipeline construction are again prevalent. Last spring a group of major oil companies studied pipeline possibilities from eastern Montana to midwest refining centers (viz. Chicago) but abandoned any thoughts of construction as premature. Important discoveries continue to be made, although the search for oil along the Williston Basin's eastern flank in east-central North Dakota has failed so far to yield the hoped-for discoveries.

MULTI-PURPOSE DAMS

SCOPE. Federal, state, and local investment in dams and related facilities within the Ninth district totals into billions of dollars. The **Missouri Basin** development program, largest ever undertaken, includes six main stem dams in this district, many tributary dams and reservoirs, provisions for flood control, irrigation units, power generating and transporting facilities, and a multitude of interrelated minor projects, such as recreation and wildlife propagation. As part of a program for the **Columbia Basin** in western Montana, Hungry Horse dam has just been completed, and Libby dam is next on the schedule. A number of years' construction remains for both programs.

SIGNIFICANCE. Some change in land use will occur, the ultimate extent of which is as yet unknown. Several large irrigation projects are planned, and much "bottom land" will be covered by reservoirs. Power available from government dams in the central prairies of the district will total some few million kilowatts, and most of it will probably be used by farmers. The dams should contribute materially to reduction of flood damage and help stabilize the flow and supply of water for urban and agricultural uses.

STATUS. Most of the large structures in this district are either completed or under construction. Only one of the six main stem dams on the Missouri River remains unstarted. Several dams on principal tributaries have been completed; others are under construction. Electric power is now being generated at three of the dams, and some additional generating units are scheduled for the near future. A few small irrigation projects have been opened, and additional water supplies have been made available. The volume and rate of dam construction is not as great now as in previous years. This is due in part to completions and in part to the steady decline in Federal appropriations since 1950.

Year Ends on Note of Economic Strength

NINETEEN FIFTY-FOUR is now history, and, fortunately, it has ended on a pleasant note of economic optimism. It started 12 months earlier in a pessimistic mood with most economic indicators pointing downward. What happened to change the picture from the beginning to the end of the year reveals an interesting interplay of economic events.

Three major developments during 1954 were particularly significant for the Ninth district economy. First, Federal Reserve monetary policy and the banking system supplied an abundance of money and credit to help combat the threat of recession earlier in the year. Second, the construction industry proceeded to expand during the year instead of contract. Residential construction, stimulated particularly by easier credit terms, moved aggressively forward. Third, total farm marketings during the year exceeded expectations and may be the second largest on record.

As 1954 is ushered out and 1955 comes in, several economic signposts have been erected which point the way to a strong beginning for the new year.

- People's savings, as measured by year-end bank deposits, are estimated to be at a new high level.
- Spending, as measured by bank debits and department store sales, ended the old year at a high tempo.
- Construction has been expanding in recent months, and current building permit data indicate a continuation of construction activity at high levels in early 1955.
- Grains and feed supplies are relatively large, and cattle numbers are at or near a record. Hog numbers are up sharply from a year ago. From a current supply viewpoint, therefore, the agricultural situation is favorable in that the marketings of both crops and livestock should continue at a relatively high level at least until the spring of the year.
- The output of factories and mines appeared to be gaining momentum according to the best estimates of those competent to judge.
- The seasonal increase in unemployment was less during the fourth quarter of 1954 than that of a year earlier.
- Social Security will be initiated for farmers on January 1, 1955. This will, in time, bring an additional measure of economic stability to the area's rural communities.
- Progress made in the development of several major resources in the Ninth district (such as oil, taconite, and the use of rivers) adds a note of long-run strength to the growing economy of this area.

If these several current economic signposts continue to point in the same general direction throughout the new year, it will be a good year, indeed.

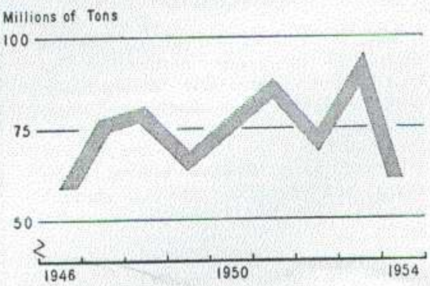
BUSINESS

► *Improved outlook for 1955 iron ore shipments*

Steel production continued to rise in December. In the first two weeks, steel mills were operating at 82 percent of theoretical capacity, which was higher than in any former month of this year. It also was higher than in December, 1953, when production had begun to decline from the high output during the summer of that year.

Lake Superior iron ore shipments aggregated 60.8 million gross tons in the season that just closed, according to preliminary figures compiled by the Lake Superior Iron Ore Association. In the past season, the tonnage was only slightly above the total shipped in 1946—the first postwar year—and 35 million tons below the record for 1953.

LAKE SUPERIOR IRON ORE SHIPMENTS, 1946-1954



Source: Lake Superior Iron Ore Association.

As a result of the sharp drop in iron ore shipments and the expansion in the output of steel during the fall, stocks of iron ore at lower lake ports and at steel mills are not as high as they were a year ago. At the end of October, stocks aggregated 51.9 million gross tons as compared with 55.7 million at the same time in 1953.

Officials of U. S. iron ore companies in the Lake Superior region anticipate at least a 10 percent increase in the demand for ore from Lake Superior mines in 1955, despite the larger tonnage of ore expected from Canadian mines.

► *Crude oil price raised in North Dakota*

The posted price of crude oil at Beaver Lodge and Tioga oil fields was increased in mid-December from $2.50 to $2.90 a barrel—a price identical to that paid for similar gravity oil in the midcontinent area. The former price of $2.50 was established in October when the Mandan refinery of Standard Oil (Indiana) went into operation. Dominant purchaser in the fields is Stanolind Oil and Gas Company.

► *Retail sales show strength at end of year*

A good beginning for the Christmas shopping season in this district was reflected in the gradual rise of department and general store sales through November. Sales in the greater part of the district during November were higher, in comparison with corresponding 1953 receipts, than were those of the first ten months.

In Minnesota, for example, November sales were up 2 percent, while total sales for the first ten months of this year merely broke even with those for the same period of last year. In Montana, November sales were up 6 percent while for the first ten months, sales were down 1 percent. In North Dakota, November sales were down 1 percent; for the first ten months they were down 4 percent.

In northwestern Wisconsin and Upper Michigan, department and general store sales in November remained at approximately the same levels in relation to 1953 receipts, as did sales in former months. South Dakota sales in November were off more, relative to a year ago, than were sales of preceding months.

Registrations of new passenger cars indicate that the public has been receptive to the 1955 models. In the first half of December 1954, registrations of new cars in the Twin City metropolitan area were over 50 percent higher than they were in the same period of 1953.

HIGHLIGHTS FROM NATIONAL CONDITIONS . . . .

Industrial production continued to rise through November and early December. Retail sales also increased. Construction activity was maintained at very high levels in November, and unemployment increased less than seasonally. Average wholesale prices declined slightly from early November to mid-December (farm product prices decreased while industrial material prices strengthened). Bank loans to business increased considerably.

Industrial Production—The Board's seasonally adjusted index of industrial production advanced 3 points further in November to 129 percent of the 1947-49 average. This level was 6 points above the low reached last spring and again last summer and 8 points below the high reached in mid-1953. The increase since last summer has reflected substantial gains in the steel and auto industries, a further increase in output of household durable goods, and some increase in building materials and most nondurable goods. Textile and apparel industries showed further recovery in November, and output of paper and chemical products continued at very advanced levels. Crude petroleum output and refining activity increased slightly in November and early December.

Construction—Total value of new construction work put in place during November (seasonally adjusted) increased slightly from earlier advanced levels. Value of contract awards declined in November but remained substantially larger than a year earlier. The number of private housing starts was at the highest seasonally adjusted rate since mid-1950.

From the National Summary of Business Conditions prepared by Board of Governors of the Federal Reserve System, December 15, 1954.

BANKING

With the approach of the holiday season many pocketbooks are subject to more than the ordinary stress and strain. Some farsighted individuals anticipate this seasonal damage to budgets by accumulating time deposits in banks for use on just such occasions. Statistics of banking for the month of November suggest that some of the Christmas trade is being financed by withdrawals from time deposit accounts, maintained — at least in part — for this purpose.

Ninth district member banks report that balances in time deposit accounts were reduced $1 million in November; in every other month this year such balances were increased at an average rate of $5.4 million per month. In October the gain was $6 million.

Demand deposits of district member banks, however, increased in November by the same amount as in October, namely, $102 million. In November last year the gain was almost exactly the same, being $101 million.

Loans of district member banks were enlarged by $61 million in November; this represented the largest monthly increase so far in 1954. City and country bank loans rose respectively by $47 million and $14 million.

It is likely that much of this gain represents the sale, on November 12, of Commodity Credit Corporation certificates of interest which are included under loans on bank statements. Allotments of the certificates in the Ninth district to both member and non-member bank subscribers totaled $45.9 million.

While total investments of district member banks were reduced $4 million in November, fairly sizable shifts in the composition of total investments were reported. Holdings of government obligations were lowered $21 million as other securities worth $17 million were added to bank portfolios.

FARMING

► *Lower support rates for feed grains*

Lower support rates for feed grains, announced by the Department of Agriculture, will reduce the level of price supports to 70 percent of parity for the 1955 crop of oats, barley, rye, and grain sorghums.

In the Ninth district production of oats was 12 percent larger this year than in 1953; barley production was up 45 percent; rye was up

6 percent. Much of this increased production has been in response to wheat acreage restrictions.

The 70 percent level of support for these grains in 1955 will mean a national average support price of 61 cents per bushel for oats, 94 cents for barley, and $1.18 per bushel for rye. This compares with a support rate of 75 cents, $1.15, and $1.43 paid on these crops in 1954.

Although much of the feed grains produced in the Ninth Federal Reserve district are fed on the farm and, therefore, do not constitute a major source of farm sales, the drop in support level nevertheless will limit the income from sale of these crops.

Support levels for these crops have varied a good deal in the past several years. The highest support level was in effect during 1953 and 1954—at 85 percent of parity. END

ECONOMIC *Briefs*

SIGNIFICANT HAPPENINGS IN THE NINTH DISTRICT

1 - Great Falls air base to build

A $5 million expansion program will begin early this spring at the Great Falls, Montana, Air Force base. Included in the first contract will be an "alert-hangar," a 2,000 foot runway extension, replacement of present concrete aprons, and construction of additional parkways. Invitations for bids have been issued.

2 - Montana gas discovery

Gas in commercial quantities has been discovered in the Pumpkin Creek area in Powder River county, Montana. First discovery (in mid-November) flowed at a rate of 15.5 million cubic feet daily, while a second well (brought in early in December) flowed 175,000 cubic feet daily. These discoveries, found on what is considered to be a subsurface arch separating the Williston and Powder River basins, were made in a layer of sandstone at a depth of 3,100 feet. The gas is dry and consists primarily of methane with "good" BTU ratings. This find is considered among the most significant in southeastern Montana in recent years.

3 - Co-ops buy Missouri Basin power

Energizing of the Egan sub-station north of Colman, South Dakota, was the final step in linking the East River Electric Power Cooperative to generators at Fort Randall dam via the 115,000 volt loop powerline of the Bureau of Reclamation. The 21 rural electric cooperatives making up East River have a total membership of 43,000-plus farm families in eastern South Dakota. They formerly purchased electrical energy from Northern States Power Company.

4 - New Mesabi mine, plant

The first iron mine to operate west of the Mississippi River on Minnesota's Mesabi range will be ready to ship ore next season. When fully in operation, the mine (Tioga No. 2) and its ore treating plant will represent an investment of more than $2 million. Western Mining Company, the leaseholder, now has 300,000 tons of lean ore stockpiled and ready for processing. It is estimated that output during 1955 will be 500,000 tons of concentrate.

5 - Ford to build new parts depot

Ford Motor Company announced plans to build a parts depot in northeast Minneapolis to serve the Twin Cities market area. The warehouse-office building will cover an entire city block and will house Ford's district sales offices, a garage, a Ford service school, and a parts-and-equipment stock depot. The building will cost in excess of a million dollars and is scheduled for completion within a year. In connection with the depot site, Ford acquired nine acres of land for future expansion.

6 - Escanaba plant to expand

The Harnischfeger Corporation is planning to expand its operations at Escanaba, Michigan, in the near future at a cost of $100,000. The company now operates three plants in the city in which it manufactures truck cranes and welding machines.

The proposed expansion will increase the company's staff in Escanaba from 650 employees to about 750 or 800 persons.